

Message Text

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C O N F I D E N T I A L MOSCOW 12710

USDOC FOR DR. COURTENAY SLATER, MURRAY FISHBACK AND BEWT

E.O.11652:GDS
TAGS:ELAB, ECON, UR
SUBJECT: THE COMING SOVIET LABOR SHORTAGE: ARBATOV SUGGEST
USSR MAY HIRE PENSIONERS

1. IN CONVERSATION MAY 30 WITH USDOC CHIEF ECONOMIST
SLATER AND EMBASSY E/C COUNSELOR ABOUT PROBLEMS ASSOCIATED
WITH DECLINING BIRTHRATES, DIRECTOR OF USA/CANADA
INSTITUTE ARBATOV REFERRED TO SITUATION OF PENSIONERS IN
USSR AT A TIME WHEN LABOR SHORTAGE IS MAKING ITSELF
INCREASINGLY FELT. IT WAS PROVING DIFFICULT TO CHANGE
THEIR OUTLOOK, ARBATOV CONCEDED, AND IT WOULD NOT BE
PRACTICAL TO THINK OF INCREASING THE RETIREMENT AGE
(MEN 60, WOMEN 55) IN THE USSR.

2. ARBATOV SAID THAT IT WAS PLANNED, INSTEAD, TO OFFER
PENSIONERS CERTAIN INCENTIVES, SUCH AS FULL WAGES PLUS
RETENTION OF PENSION IN WHOLE OR PART. THIS WOULD
ESPECIALLY PERTAIN TO THOSE AREAS OF THE SOVIET UNION
WHERE LABOR WAS PARTICULARLY IN SHORT SUPPLY. ARBATOV
CONCEDED THAT THE STEP, IF TAKEN, WOULD BE A DRAIN ON
STATE FINANCES BUT PROBABLY A NECESSARY ONE.

3. COMMENT: ARBATOV'S COMMENT IS ONE OF THE FIRST
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AUTHORITATIVE INDICATIONS EMBASSY HAS HAD THAT SOVIETS
ARE THINKING OF NEW MEASURES TO DEAL WITH ADVERSE IMPACT
ANTICIPATED FROM COMING DEARTH OF YOUNGER WORKERS. HIS
REMARKS ABOUT ATTITUDES BEING HARD TO CHANGE SUGGESTS THAT
SOVIET LEADERSHIP MAY EVEN HAVE FLOATED SOME SORT OF
CONTROLLED TRIAL BALLOON TO SEE IF OLDER WORKERS WOULD
AGREE TO POSTPONE RETIREMENT. IF THERE WAS SUCH A TESTING

OF OPINION - AND THIS IS ONLY A CONJECTURE - APPARENTLY
THE MESSAGE WAS THAT SUBSTANTIAL MONETARY INDUCEMENT
WILL BE NECESSARY TO KEEP OLDER PERSONS IN THE WORK
FORCE. HOWEVER, EVEN A PAY-PLUS-PENSION SYSTEM MIGHT BE
OF LIMITED UTILITY IF KEYED TO WORK IN LABOR-DEFICIENT
REGIONS (MAINLY SIBERIA). WE ASSUME MOST PENSIONERS ARE
IN THE OLDER INDUSTRIAL AREAS AND WOULD BE RELUCTANT TO
MOVE AFTER REACHING RETIREMENT AGE. AT BEST THEY WOULD
SUBSTITUTE FOR YOUNGER WORKERS WHO WOULD BE WILLING TO
MOVE, BUT IN THIS CASE HOW MUCH BONUS WOULD THE
PENSIONER RECEIVE? MATLOCK

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